

**FACTORS HINDERING THE USE OF ELECTRONIC FISCAL
DEVICE DURING RECEIPTS ISSUANCE AMONG SMEs IN
ILALA MUNICIPALITY**

By

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**A Dissertation Submitted in Partial Fulfillment of the Requirements for the
Degree of Master of Business Administration in Corporate Management
(MBA - CM) of Mzumbe University**

2019

CERTIFICATION

We, the undersigned certify that we have read and hereby recommend for the acceptance by the Mzumbe University a dissertation titled “*Factors hindering the use of Electronic Fiscal Devices during receipts issuance among SMEs in Ilala Municipality*” in partial fulfillment of the requirements for the award of Mzumbe University Degree, Masters in Business Administration in Corporate Management (MBA-CM).

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ACKNOWLEDGEMENTS

Firstly, I would like to give thanks and praise to GOD THE ALMIGHTY for his blessing and guidance toward my research work till its completion.

Also, I would like to thank my supervisor, Dr. Bahati Ilembo, he has provided me with the great help and guidance toward the whole research process. He provided me with the methodology for carrying the research, thus facilitated presentation of the clear work as possible. It was the privilege and I was honored to work and study under his supervision and guidance

Furthermore, I would like to thanks my parents and family for their love and support during the whole period of my research may ALMIGHTY GOD bless them with many years to last.

Lastly but not least, I would like to thank all people who in one way or the other participated in my research either directly or indirectly.

DEDICATION

I dedicate this work to my father Mr. Emmanuel Cornelius and my mother Mrs. Vaileth Emmanuel Selege

LIST OF ABBREVIATIONS AND ACRONYMS

EBM	:	Electronic Billing Machines
EFDs	:	Electronic Fiscal Devices
EFPs	:	Electronic Fiscal Printers
ESDs	:	Electronic Signature Devices
ETR	:	Electronic Tax Register
FETRs	:	Fiscalised Electronic Tax Registers
GDP	:	Gross Domestic Product
OECD	:	Organization of Economic Development and Cooperation
SCD	:	Sales Control Devices
SMEs	:	Small and Medium Enterprises
TAM	:	Technology Acceptance Model
TRA	:	Tanzania Revenue Authority
URT	:	United Republic of Tanzania
VAT	;	Value Added Tax
ZIMRA	:	Zimbabwe Revenue Authority

ABSTRACT

The objective of this study was to assess the factors hindering the use of Electronic Fiscal Devices during receipts issuance among SMEs in Ilala Municipality. To attain to this objective, the study had five specific objectives which are to determine the ability of the Small and Medium Enterprises' employees to use Electronic Fiscal Devices in Ilala Municipality, to assess the capacity and duration of the Electronic Fiscal Devices to keep charge among SMEs users in Ilala Municipality, to determine whether the SMEs intentionally decide not to use EFDs for the reason of hiding sales records, to assess the extent to which the Tanzania Revenue Authority System of internet connection affect the usability of EFDs among SMEs in Ilala Municipality and to determine the extent to which EFDs defect condition hinder the SMEs' employees to issue sales receipts among customers in Ilala Municipality.

The study employed the cross-sectional research design, and the purposive sampling technique was used to get respondents, whereby a total of 110 respondents were selected. To obtain data, the study used three approaches namely questionnaire, interviews and documents reviews where qualitative data were collected. The content analysis and basic descriptive analysis was used.

The findings show that the very factors that hinder the use of EFD to issue receipts among SEMEs are inability to use EFD due to low education, language barrier, and lack of frequent EFD use training. The other causes are the intention of making huge profit and not registering with the VAT. Moreover, the network problem, slow speed, the TRA system problem and the disconnection of network due to EFD defection are the causes for non- use of EFD among SMEs in Ilala municipality. In addition, the findings also show that the defect condition of EFD which most common are failure to get network, screen become dark and cracked are the factors hindering EFD use to issue receipts.

It is recommended that tax education be organized to taxpayers, more training on how to use EFDs, strengthening the TRA network system and infrastructure, improve the EFD battery quality and model this will make the battery remain charged all the time, and that the EFD reparation services should be availed at low cost.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Tax collection has been the primary source of revenue to the governments all around the world. Therefore, governments have initiated many strategies to collecting those taxes. Tax collection strategies depend so much on the degree of tax evasion in a particular country (Mokaya and John, 2017). As a means of increasing tax compliance, many countries around the world have adopted the use of Electronic Fiscal Registers or devices (Chege, 2015). The adoption of Electronic Fiscal Devices (EFDs) in many countries got hindrances due to being expensive, the intention to evade tax, the fear of adopting new technology and the failure of the users to operate the machines (John, 2010). Even though traders claimed those constraints, but in many countries, large companies and SMEs have adopted the EFDs as it is a legal requirement (Kamande, 2017).

An EFD machine is an ordinary cash register and sales records keeper with security features that guarantee the trustworthiness of the fiscal memory. It is designed in a way that it is not easy to manipulate or destroy data such that critical data is well protected even in cases of power cuts (electricity problems) (Penduka, 2015).

In many parts of the world, EFDs have proved to be very useful for they are believed to have reduced the time tax-payers take to prepare sales report. In a study conducted in Kenya, it has been proved that Electronic tax register ensures accurate tax rate to be paid by the traders. In Uganda, EFDs have improved the sales report of traders and increased efficiency in revenue collection. In Tanzania, EFDs were introduced in 2010 as a means of reducing tax evasion, and obtaining accurate reports on sales, and eventually charge tax on proper amount from really sales (Temba, 2015; Mandari et al. 2017). This is proved by the fact that in 2013/2014 EFDs use has boosted the VAT collection and sales records keeping have lowered the mistakes and risk of theft of tax evasion by the employees (Mohamed, 2015). VAT collection has increased in a low pace since the inception of the EFDs as compared to the presumptions that they would increase the VAT collection by 40% to 50% each year. The adoption of EFDs has

raised many challenges like lack of culture of demanding receipts for the services or products purchased among Tanzanians. Other challenges include reluctance of some traders of issuing really receipts as according to sales and cash received, fear of technology use, especially for who are computers illiterate. Other challenges are lack of training of the EFDs, the cost of adoption, (Siraji, 2015). In New Zealand, Holland (1987) as cited in Penduka (2015) declared that “the tax system has failed to keep up with changes in our society”. The Electronic Tax Register (ETR) regime is very cumbersome for businesses with few transactions that is why its implementation has not been that successful as expected in many countries including Turkey. Kathuri (2006) pointed out that ETR gadgets ailed in more than 21 countries in the world, and the revenues have not been increasing as intended.

Contrary to Tanzania, in Zimbabwe there has been 40% increase in VAT collection just after introducing EFDs in 2011. Though the question is whether the increase can directly be attributed to EFDs adoption. Penduka (2015) continues arguing that three years since the adoption of EFDs the VAT collection dropped down to 28% (Penduka, 2015). Daffa (2015) stated that the VAT collection better performance can only be attributed to EFDs adoption at the very early stage of its inception, however, as traders get new means of evasion, the VAT collection drops; and the EFDs utilization during sales for issuing receipts and tax invoices goes down.

Though the EFDs adoption in Zimbabwe shows a total 3856 registered companies, were registered by EFDs just two years after its adoption in 2011, but the continuous use during sales has dropped, which is, on one side the attributing factor for low tax collection and poor VAT performance. In Tanzania, according to Justus (2017), many companies being it large, medium, small or family owned businesses have registered with EFDs but the VAT collection is not much satisfactory and utilization of the machines is down. Some factors that are attributed to low VAT collection are nonuse of EFDs and issuing EFD receipts with unrealistically low amount of sales.

1.2 Statement of the Problem

Tax is the compulsory levy that is imposed to people's income, expenditure, capital assets and other gains by the government for the intention of meeting government social and economic responsibilities (Gitaru, 2017). The main aim for the government to collect taxes is derived from the government responsibility of being the provider of socio-economic goods and services, like public goods, redistributing income and wealth among different social quintiles, providing social welfare services and maintain economic stability (Casey and Castro, 2015).

To meet those responsibilities, the governments around the world, including Tanzania, have had different strategies to make sure that people, companies and other institutions pay taxes as per laws of the State (Mandari et al., 2017); some of these strategies are training on tax compliance, introducing laws, limiting tax evasion, and introducing Electronic Fiscal Devices (EFDs); with the main purpose of controlling evasion by issuing electronic receipt which would serve as a factual basis for correct tax income to be paid by the taxpayer (Mokaya & John, 2017).

Electronic Fiscal Devices were firstly introduced in Italy by the Minister of Economy in 1980s for the aim of keeping pertinent financial data like total VAT, total turnover, and owner details for tax purposes (Penduka, 2015). It is with this due reason that the government of Tanzania introduced the EFDs under the Tanzania Finance Act of 2010, with its regulations of 2010.

Despite the introduction of EFDs by the Tanzania Revenue Authority (TRA), the revenue collections have not so far reached the inception target of 20% of the GDP as currently the collection is 14.2% of the GDP respectively (TRA, 2016). The actual TRA collections are below the Mozambique and Zambia which have managed to collect 15.4% and 15% of the GDP respectively (Bakar, 2015). This low tax collection is attributed to many factors including non-use of EFDs by taxpayers, especially during receipts issuance, issuing receipts with small amount as compared the really selling price of the item sold or service provided, low pace of formalizing the informal sector, and lack of salary increment for public servants since 2015 (Justus, 2017). Many studies were conducted in areas other than assessing factors behind effective utilization

of EFDs. For example, Kira (2015) assessed the perceptions of taxpayers on the adoption of EFDs in revenue collection in Tanzania, while Mohamed (2015) investigated the effects of introduction of EFDs on revenue collection in Tanzania and Siraji (2015) assessed the challenges facing taxpayers in using EFDs in Tanzania. However, this study assessed the factors hindering effective use of EFDs by SMEs during issuance of receipts to customers in Ilala Municipality, in Dar es Salaam region.

1.3 Objectives

This study consisted of the general objective and the specific objectives. The general objective comes from the main research issue, and the specific objectives are formulated to attain the main objective.

1.3.1 General Objective

The general objective of this study was to assess the factors hindering the use of EFDs during receipts issuance among SMEs in Ilala Municipality.

1.3.2 Specific Objectives

The specific objectives were as follows:

- i. To determine the ability of the Small and Medium Enterprises' employees to use Electronic Fiscal Devices in Ilala Municipality
- ii. To assess the capacity and duration of the Electronic Fiscal Devices to keep charge among SMEs users in Ilala Municipality
- iii. To determine whether the SMEs intentionally decide not to use EFDs for the reason of hiding sales records
- iv. To assess the extent to which the Tanzania Revenue Authority System of internet connection affect the usability of EFDs among SMEs in Ilala Municipality
- v. To determine the extent to which EFDs defect condition hinder the SMEs' employees to issue sales receipts to customers in Ilala Municipality

1.4 Research Questions

The research questions which guided the study were as follows:

- i. To what extent are the Small and Medium Enterprises' employees in Ilala Municipality able to use the Electronic Fiscal devices?
- ii. For how long are the Electronic Fiscal Devices capable of keeping charge for a relatively long period of time?
- iii. In which incidences do the Small and Medium Enterprises intentionally decide not to use EFDs for the reason of hiding sales records?
- iv. To what extent does the TRA system connection affects the usability of EFDs among SMEs in Ilala Municipality?
- v. To what extent do the EFDs defect conditions hinder the SMEs employees from using it during issuance of receipts to customers in Ilala Municipality?

1.5 Significance of the Study

The aim of this study was to assess the factors hindering the use of Electronic Fiscal Devices among SMEs in Ilala Municipality. Being this the objective, the findings of this study have closed the knowledge gap existing as to what hinder the utilization of EFDs during issuance of receipts among SMEs in Tanzania. The study findings are of paramount importance as follows:

To the researcher for the fact that the findings have increased the knowledge on EFDs utilization in Tanzania; including the factors hindering the effective use of EFDs during issuance of receipts. The findings also will be presented to Mzumbe University in form of dissertation report for the award of Master's Degree.

To the policy makers, as the findings will be used as basis for making policies and amend regulations on the use of EFDs. The findings of this study will increase the knowledge of these policy makers as to which factors hinder SMEs from using EFDs properly. The recommendations of the study, once implemented will led to the improvement of the EFDs and increase EGDs utilization by SMEs, which increases the tax collection.

To the Ilala Tax Region, the findings show the really pictures of utilization of EFDs and the factors that led to its low utilization. This offers a basic step for the TRA Ilala tax region to improve the issuance of EFDs and the model that is effective and whose battery last longer.

To the community at large, the findings will increase the bank of knowledge of readers, and be used for researches as part of may be extracted as a literature review. The findings will be used by students and other researchers for their reviews.

To the Mzumbe University, the report of this dissertation will be kept in the Library, which will increase the library book/dissertations volume.

1.6 Scope of the Study

The study assessed only the factors which hinder the effective use of the EFDs among SMEs in Ilala Municipality. Therefore, it did not cover large companies. The SMEs that were covered herein are Restaurants, Shops in Kariakoo Market, Hotels and lodges and other shops outside Kariakoo Market.

1.7 Limitations of the Study

The researcher presumed that the financial resources would be a constraint to effectively conducting this study, as there is no scholarship offered to the researcher; instead the researcher was self-financing his studies, including this research project. In the same context, some people who were asked to participate in the study refused as they thought the study was conducted by the TRA themselves, to overcome this, the researcher presented a letter and student identity card to prove to respondents that this research is conducted for academic purposes.

1.8 Organization of the Study

This study is organized into five chapters. Chapter one consists of the background to the research, the statement of the problem, the objectives of the research, the significance of the study, the scope and limitations of the study.

Chapter two consists of the review of related literature, which includes definition of key terms, the theories of the study, the empirical reviews and the conceptual framework. Chapter three is concerned with methodology of the study; which include but not limited to research design, area of the study, population of the study, sampling procedures, data collection methods and data analysis.

Chapter four involves the presentation and discussion of findings using different means and tools of presentation. Chapter five consists of conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter consists of the review of the literature related to this study. In this regard this chapter has definitions of key terms, the theories of the study, the empirical review and the conceptual framework.

In this chapter, the literatures on EFDs have been reviewed. The EFD can be referred to as ordinary cash register and sales records keeper that has security features which guarantee the trustworthiness of the fiscal memory. These machines are used for the purposes of keeping sales records, so that the tax authority estimates the tax amount from the really amount of sales made.

2.1 Definitions of Keys Terms

2.1.1 Electronic Fiscal Devices

The Electronic Fiscal Device refers to devices which are normally used by most of tax Authorities to monitor transactions between traders to buyers and traders to traders for the aim of creating fiscal obligations for consumption taxes, sales and/or Value Added Tax (VAT) (Casey and Castro, 2015). The most important element in these devices is the fiscal memory which cannot be tampered with, and provide information the relevant tax authority. According to Penduka (2015), the EFD is an ordinary cash register and sales records keeper which have secured features that guarantee the trustworthiness of the fiscal memory.

The EFD is the technology that enables the user to keep the records of sales for a relatively long period of time, and also helps the tax authority to get really taxable amount. The adoption of the very first generation of EFDs became available for commercial use at reasonable prices in the late 1970s, and EFDs started being used by large retailers in developed countries. The first country to use EFDs in support of its fiscal control strategy was the Italian tax administration, which adopted the technology of fiscal devices in 1983 (OECD 2013 as noted in Casey and Castro, 2015). The second country to adopt EFDs for fiscal purposes was the Greece which implemented

them in 1988, and later on extending their scope up to including electronic signature devices (ESDs) in addition to the fiscal registers adopted in Italy (Casey and Castro, 2015).

2.1.2 Types of EFDs

The four types of EFDs were identified by Ratus and Nevid (1987), which comprised the Electronic Tax Register, the Electronic Fiscal printers, electronic Signature devices.

Electronic Tax Register

The ETR is the stand alone machine which is used to issue receipts manually; and if the number receipts issuance is not very high. This device contains some inbuilt which is the read only memory; this stores tax information at the time of sale and cannot be tampered with therefore, creating openness and fairness during the computation of taxable amount, a closely related machine to this is used in Rwanda, and is called Electronic Billing machines (EBM) which has proved to so effective (Soga, 2014). According to Casey and Castro (2015) the ETR is similar to Electronic Cash Register but they are different in the fact that ETR has a fiscal memory which captures important tax information. The importance of ETRs is that they have separate and permanent memory which cannot be tampered with another person except the user with password. The only problem with ETRs is that they cannot process refunds and transactions for returned goods.

Electronic Fiscal Printers

According to Casey and Castro (2015), electronic Fiscal Printers are always used in connection with other types of sales recording machines. It fits larger retailer institution which is used in conjunction with other systems to get fiscal records. This is a high speed printer linked to a computer network system to keep all information on sales transactions in its system memory as receipts are being issued; this type of printers are used in supermarket and other larger retail sellers (Rathus and Nevid, 1987). According to TRA (2011) as cited in Daffa (2015), the EFPs are devices usually

used in computerized retail outlets; the device is connected to computer system to store all sales transactions made in its fiscal memory as long as the user issues receipts to buyers. The fiscal printers are the cheapest of all fiscal devices. As they are connected, to a computer system and always to a cash register to issue receipts, they maintain fiscal information for the revenue collection agency (Casey and Castro, 2015).

Electronic Signature Devices

The Electronic Signature Device is a type of EFD that provides a unique signature to an invoice. The signature taken must appear on a printed invoice or receipt; the ESD is used in connection with the computerized sales and invoicing system (Daffa, 2015; Casey and Castro, 2015).

The ESD is a device used in combination with computerized accounting systems in an institution. The invoices pass through the ESD and are then signed. Cascio (1986) as cited in Soga (2014) defines Electronic Signature Device as any electronic means that indicates that a person adopts the contents of an electronic message.

According to Casey and Castro (2015) the ESD is plugged into the computer network system, and the request made to generate receipts or invoice results in the machine generating a hash key which is printed to the document. The key is based on a series of mathematical processes applied to key information on the invoice. As a result, no signature is ever the same. According to Daffa (2015), the device employs a special computer program to issue unique number (Signature) that is printed on each invoice issued by the system. The number is unique in the sense that there is no room for two numbers to be similar, thus, making it simple to differentiate between originally authentic and fake invoices.

Sales Control Devices

The sales Control Devices are combination of features of the electronic signature devices which have fiscal external memory (Casey and Castro, 2015). The machine provides all the benefits of an ESD, where it allows for an easy checking on the integrity of the data on the receipt. Relevant receipt data are kept securely in the system control unit. The machine allows many cash receipting devices to be connected or

networked to the SCD, Therefore, minimizing the need to deploy fiscal devices for each register. As these devices are designed for larger enterprises, the use of a SCD requires the installation of an electronic signature, or encryption key, issued by either the revenue administration or an authorized institution (Soga, 2014; Casey and Castro, 2015 and Kira, 2016).

2.1.3 Adoption of EFDS in Tanzania

The adoption of EFDs in Tanzania is dated back years ago when the need to carry out comprehensive reforms were initiated. The Tanzania Revenue Authority adopted the tax administration reforms and modernization program with the primary purpose of modernizing and integrating the Authority's operations in line with the internationally accepted best practice on tax collection (TRA-EFD Manual, 2011).

According to Cornel (2017), the EFDs were adopted to make sure the sales are properly recorded by the tax payers so that an appropriate amount for tax base can be obtained. Since 2010, the Tanzania Revenue Authority (TRA) has set on a comprehensive strategy of applying the Electronic Fiscal Devices Regulation aimed at regulating tax evaders registered under the value added tax. Therefore,

The Tanzania Finance Act 2010 legally adopted EFD system by starting the phrase "fiscal receipt" in the Value Added Act CAP 148 and its corresponding Value Added Tax (Electronic Fiscal Devices) regulations (URT, 2010). The adoption of EFD system was done in two phases: the first phase, in 2010, which aimed at obtaining taxpayers registered for VAT most of which, own large companies which in this regard are large taxpayers.

According to this law, any company operating its businesses and whose turn-over exceeds TZS 100 million a year was included in this phase. The second phase was held in 2013, and it aimed at capturing taxpayers who are not registered for VAT. On the other side, the second phase intended at capturing all other taxpayers who pay income tax under the Income Tax Act 2004(TRA, 2014). The Electronic Fiscal Device system requires every trader to issue fiscal receipt or fiscal invoice for every business transaction made (Mandari et al., 2017). The purpose of adopting this system was first,

to increase the amount to be collected from value added tax by capturing a wide range of transactions in the supply chain and second to obtain tax payers' information frequently – typically overnight by, for example, requiring submission of z-report. The aim of this was to get the sales records to control tax evasion. The collection of information is not only important for value added tax revenue collection but also important for income tax assessment at the end of fiscal year for every registered trader as taxpayer (Mandari et al., 2017 and Muthoniet al., 2015).

2.1.4 Advantages of Adopting EFDs in Tanzania

The adoption of EFD system is not only advantageous to tax administrations alone but also to taxpayers. At the time the EFD system is used effectively, taxpayers may have the affairs of their business formally managed by firstly, comply with all legal requirements and secondly, keep and share proper and correct information with tax administrations and thus minimize compliance and tax risks to a greater extent (Mandari et al., 2017).

According to Mokaya and John (2017), adopting EFDs in Tanzania has reduced the time spent by traders to prepare sales report, in this regard, 65% of respondents agreed that EFDs are very effective in sales report preparations. They continue emphasizing that EFDs ensure accurate tax rate to be paid by the tax payers as they help to determine the exact amount to be taxable.

EFD machine is designed for use in business for efficient control in areas of sales analysis and stock control system and should conform to the requirement specified under the VAT (EFDs) Regulation 2010 (Ikasu, 2014 as cited in Daffa, 2015). Therefore, EFDs help the TRA to control sales of goods and services to all users, this limit the chances of tax evasion, and the possibility of fraud and corruption by both traders and tax officers. These machines are used in conjunction with the accounting system to validate documents. The devices are made in such a way that they keep record every transaction made by taxpayers to determine the amount which is supposed to be remitted to the government as VAT (Nyashaet al., 2012). According to Mativo et al. (2015), there were a great number of tax evaders among traders in Kenya and

Tanzania, but the introduction of ETRs has reduced this trend. It makes taxpayers pay an appropriate tax amount as according to the business turnover.

The tax memory capacity store data for at least five years or 1800 day transactions; they also issue receipts which are easily identifiable for inspection purposes and daily fiscal summary reports (Penduka, 2015). In addition, Kumar (2005) states that, Fiscal Electronic Tax Registers (FETRs) are devices useful in the retail businesses and are usually stand-alone devices that print receipts and help the owner to organize his boutique or shop, get appropriate report on his total sales and perform a number of necessary operations without the need to use a more complicated solution.

Despite all these advantages, evidence shows that most of the taxpayers, particularly non-VAT registered, in Tanzania are reluctant to register and use the EFDs (Ikasu, 2014 as cited in Mativo et al., 2015). This reluctance has been demonstrated through protests against registration and use of EFDs by traders in various regions across Tanzania EFD (Ngowi, 2014). In Tanzania particularly, traders record a small amount in the receipt, as after asking the buyer's permission or deciding without buyer's consent. Most of whole sellers in Kariakoo Market do so to avoid being required by law to be included among companies that must register for VAT (Temba, 2015).

2.1.5 Challenges of EFDs Adoption

There are many challenges brought by the adoption of EFDs in different parts of the World. In New Zealand the adoption of EFDs did not keep up with the changes in the society. The system became so awkward to businesses with minimum transactions. In Turkey and Tanzania, the adoption has not been successful because of the cost of EFDs that the trader is supposed to bear, low awareness on the importance of paying tax, the machine being user unfriendly, and lack of appropriate training are some challenges noted in Tanzania, Turkey, Zimbabwe, Kenya and Uganda (Penduka. 2015). The challenges of using EFDs in business transactions are that they do not account for return of businesses in case the buyer changes the mind, and this is because EFDs are read only memory which can be changed nor tampered with (Mohamed, 2015). Some other challenges include including management of repayment claims was a difficult

issue. Some of registered taxpayers were not issuing tax invoices. It was therefore expected that the effective use of EFDs would revolutionize and modernize our taxpayers and income Tax administration systems and ultimately attain increased government revenue collection (Karonga, 2014 as cited in Mohamed, 2015). The EFDs regime is still facing many challenges in Tanzania like Little or no culture among Tanzania of demanding fiscal receipts for every purchase made from their resellers;

Resistances by phase II traders to acquire and use EFD machines. Reluctance by some traders to issue corrects fiscal receipts and sometimes not issuing receipts for some sales creating significant losses for public revenues. Some EFD users delay in reporting the EFDs problems to EFDs suppliers contrary to EFDs regulations; Some EFDs supplier's delays in servicing the non-working EFDs on time contrary to EFDs regulations, Telecommunication infrastructure constraints especially in remote areas are among the challenges facing EFDs adoption, not only in Tanzania, but in other countries, especially developing countries (Karongo, 2014).

2.2 Theoretical Reviews

In this study, three theories will be used as benchmarking for the analysis of findings and discussion of the data obtained. The three theories are the Deterrence theory, the benefit principle and the Technology acceptance theory which are herein explained.

2.2.1 Deterrence theory

According to Palkington (1998 as in Mandola, 2013), deterrence theory stipulates that a significant number of taxpayers would evade tax. The fear of detection or deterrence theory suggest that the taxpayer will minimize their own self-interest by performing a cost-benefit analysis, that is, comparing the benefits of evading tax with the penalties of being caught out evading tax. The theory goes on to say that, the perceived probability of being caught is a major motivational factor of complying with the law. The deterrence theory links taxation to growth through its influence on the decisions of economic agents (Obongo and Lumumba, 2010). Why most taxpayers decide not to

comply with tax requirements is a question that most revenue authorities and agencies all over the world fail to understand (Mandola, 2013).

It is believed that traders only comply with rules and regulations when they are backed with harsh sanctions and penalties. According to deterrence views, people do assess opportunities and risks and if they find that the anticipated fines and probability of being caught are small as compared to the profits they earned through non-compliance, they disobey the law (Murphy, 2004). As far as this study is concerned, the theory helped to analyses whether the non-issuance of EFDs receipts by traders is really from their intention of not being ready to pay tax, or it is due to other factors as the findings will reveal.

2.2.2 Benefit principle

According to Neil (2000 as noted in Temba, 2015) the benefit principle holds that taxes paid by individuals should reflect the benefit that they receive from the mix of goods and services provided by the government. In this principle, taxes should reflect the benefits received therefore, those who receive the greatest benefits should be the ones paying the most taxes. The people who benefit from the public goods are logically the ones who should pay for their provisions. In this principle, if SMEs receive small benefits from the public goods, they will definitely find it awkward to pay taxes which have no direct return (Tomba, 2015). It is a taxation principle that states that taxes should be based on the benefits received. People nowadays do not feel the drive to pay tax because of corruption in most countries, which has influenced many traders not to use EFDs for they will pay taxes while they do not see any benefit out of it. When people do not receive the intended benefits, they do not feel the need to pay tax, hence difficulties in issuing fiscal receipt through EFDs, which ends into higher levels of tax avoidance and evasion. This implies that traders do not issue receipts as they do not see any direct link between the tax paid and the services rendered (Obongo and Lumumba, 2010).

2.2.3 Technology Acceptance Model (TAM)

This theory was advanced by Venkatesh and Davis, and it claims that an individual's behavioral intention to use any system is determined by two factors: perceived usefulness, referred as the level to which a person is convinced that using a particular system will improve his business performance. And the other one is perceived ease of use, defined as the extent to which an individual perceives that the system will require minimum or free of efforts (Venkatesh, 2000 as noted in Cornel, 2017). TAM theorizes that the effects of external variables (e.g., system characteristics, development process, design of the devices and training) on intention to use are linked by perceived usefulness and perceived ease of use. The TAM perceived usefulness is also influenced by perceived ease of use, other things being the same, the easier the system is to use, and the more useful it can be.

The TAM has become as renowned as a robust, powerful, and thrifty model for predicting acceptability of the technology in a society (Venkatesh et al. 2003). According to this theory, traders in Ilala and Tanzania in particular will keep on using EFDs if they perceive that it is so useful to their business transactions and that EFDs add value to the performance of their operations. But also if they find easy to use the EFDs, then they will increase its use. But all in all traders in Ilala, according to this theory, must see the usefulness of EFDs and the system must be user friendly even to people with low level of education.

2.3 Empirical Review

This part consists of the review of different studies and researches conducted in the area of EFDs adoption, utilization and effectiveness. The researcher in this part analyses the literatures and draws gaps and areas which were not addressed by the authors cited herein.

In the IMF working paper on EFDs, authored by Casey and Castro (2015), a survey conducted in different countries implementing EFDs, it was hypothesized that noncompliance was the main reason to introduce EFDs, but the study revealed other reasons like securing information to verify, to record sales, and to improve VAT

compliance. Being that the original purpose, it was found that utilization of machines in different countries, especially in Tanzania, Zimbabwe, Uganda and Kenya were below the expected extent. This can be attributed to need of traders to evade tax, lack of training on utilization and low awareness of the people on paying taxes. This empirical study did not mention anything on the condition of EFDs as they continue being used, and how possible traders can change them along the way of utilization.

Kira (2016) assessed the perceptions of taxpayers on the adoption of the EFDs in Revenue collection in Tanzania. The study was conducted in Dodoma to a population of 297 taxpayers and included supermarkets, shops, hardware, and hotels, using cross sectional research design, it was discovered that all the respondent were registered with EFDs, respondents claimed to know the usefulness of paying tax (84%), but 62% were registered to avoid penalty resulted of failure to comply with the law, the study also found that 73.3% were not aware of the regulations relating to EFD use, this makes most of respondents 50.7% not being comfortable with the tax system and finally resulted in non- use of EFDs even though they are registered. In this study, Kira did not point out the factors hindering the non-use of EFDs among respondents. In another study conducted in Zimbabwe by Soga (2014), evaluating the effectiveness of electronic fiscal devices on VAT compliance, the findings show that 43% of respondents disagreed with the fact that power cuts are some of the problems encountered by ZIMRA officers. On the other side, respondents from traders strongly agree that the lack of user friendly gadgets forms part of the problems experienced by the ZIMRA officers. The majority of the respondents strongly agree that the absence of a central server in the organization hamper the execution of the day to day work of the ZIMRA officers. Respondents SMEs argued that the gadgets are not user-friendly; they normally encounter network problems, so hamper their use.

In another study conducted by Mohamed (2015) on the effect of introduction of EFDs on revenue collection in Tanzania, a study conducted in Kinondoni ,Dar es Salaam, it was found that EFDs ensures timely filling of monthly revenue returns (75%), others declared that there was a training conducted to them before starting using EFDs (70%), but the utilization during receipt issuance was very low, one of the reasons being that, the one who participated in the training was the business owner, then the one who is

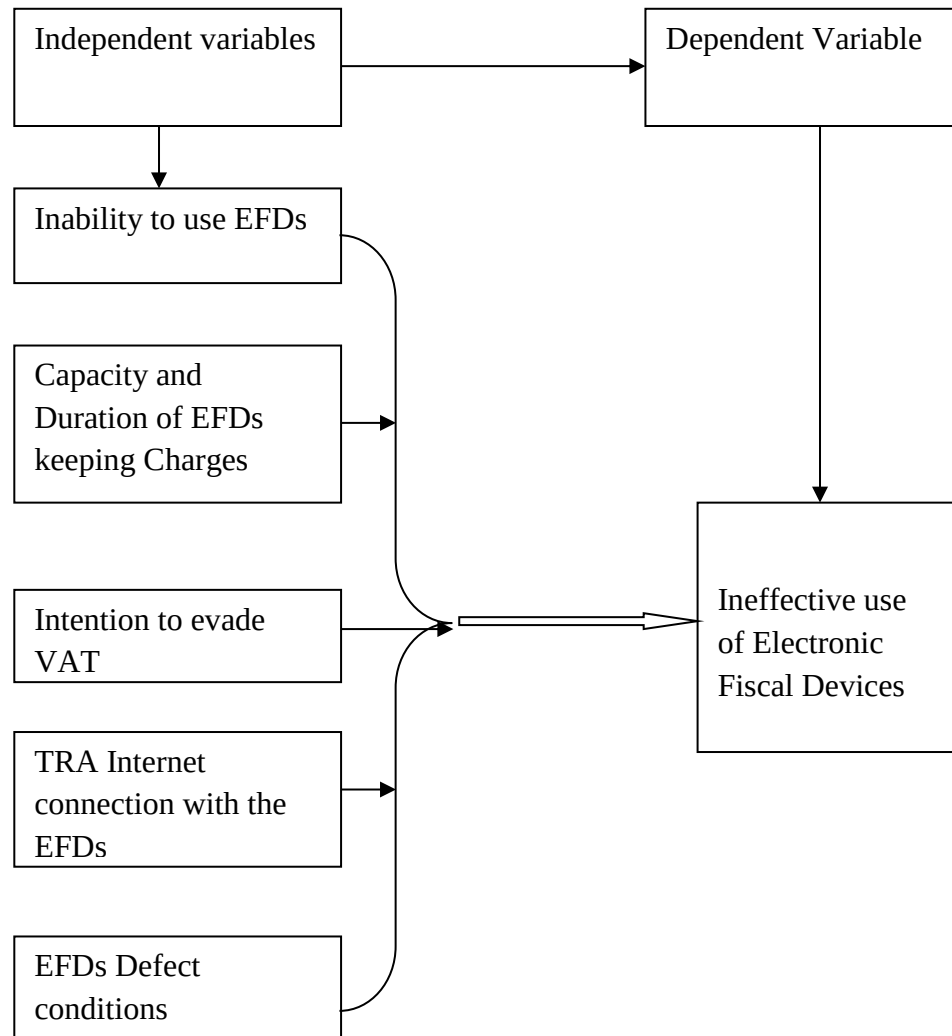
supposed to use it in the shop did not participate, therefore failing to issue EFDs, but also the truth that trader wants to make super profit, and minimize all probability of reducing such profit.

According to Penduka (2015), the use of ETRs does not minimize the tax evasion. The study that 53% of respondents disagree that the ETR does not minimize tax evasion, instead users have come with new methods of evading tax, and that is issuing receipts with small amount as compared to the really price of the goods/services. This is evidenced with the fact that the VAT performance has gone down from 40% in 2009 to 28% in 2014%. In a study conducted by Temba (2015) on user acceptance of electrical fiscal device as a new tool for tax collection, the findings show that 64% of respondents would be happy to pay VAT without EFDs; this means that, they dislike the system. Temba added that some difficulties arise in using EFDs which are poor network 23%, buyer do not request for receipts 20%, maintenance cost 7%, and language barrier 17%. This implies that traders feel obliged to use EFDs that is why they feel content when the machine is defected.

In a study conducted by Siraji (2015) on the challenges faced by tax payers in using EFDs in Tanzania, the case of Nyamagana, Mwanza, it was discovered that high cost of EFDs, lack of education and training on how to use EFDs, but also the entering data in the machine, and waiting for it to respond takes time, and customers are patient. Other problems noted are power outage, and lack of technical support in case of defection. Though this study stated some factors challenging the use of EFDs, but it did not cover whether nonuse is the intention of traders, this provide the relevance to this study as it focuses on the use of EFDs after being registered and especially during issuance of receipts. Mokaya and John (2016) assessed the perceptions of taxpayers on the adoption of Electronic Fiscal Devices in revenue collection in Tanzania. The study was conducted in Arusha to a total of 99 respondents. The findings show that the EFDs reduced time traders take to prepare the sales report, ensures accurate tax rate to be paid by taxpayers as 75% said that they do now pay tax based on the exact amount as recorded in the EFDs sales report. The study did not assess the factors hindering the use of EFDs during issuance of receipts among SMEs in Tanzania.

2.4 Conceptual Framework

Figure 2.1 Conceptual Framework



Source: Researcher Construct (2018).

The researcher conceptualized that the ineffective use of electronic fiscal devices (EFDs) is hindered by many factors, namely the inability of the SMEs employees to use, low capacity of the EFDs to keep the charge (power), intention of the SMEs to evade VAT as once the SME attain a predetermined sales records he/she has to register for VAT, the TRA System connection with EFDs has many cut-off, and the EFDs being in defect condition, and the SMEs failing to report the defect condition to TRA.

These, according to the research conceptualization, are the factors hindering the use of the EFDs among SMEs in Tanzania.

2.5 Research gap

This study was conducted with the aim of assessing the factors behind the effective use of EFDs among SMEs in Ilala Municipality. The lack of a study that focused on Effective EFDs utilization and especially among SMEs prompted the researcher to conduct this study. For example, Kira (2015) assessed the perceptions of taxpayers on the adoption of EFDs in revenue collection in Tanzania, while Mohamed (2015) investigated the effects of introduction of EFDs on revenue collection in Tanzania and Siraji (2015) assessed the challenges facing taxpayers in using EFDs in Tanzania. However, this study assessed the factors hindering effective use of EFDs by SMEs during issuance of receipts to customers in Ilala Municipality, in Dar es Salaam region.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter expound on the methodology that was employed in this study. The chapter includes the research design, the area of the study, and the population of the study, the sample size and the sampling techniques. The chapter also consists of the data collection instruments and the explanation of the analysis of the findings. The methodologies used in this study enabled obtainment of respondents, data and the analysis made, which resulted in having the findings as they are presented and analyzed in this report.

3.1 Research Design

The research used a cross sectional design. In a cross-sectional research design, a great deal is learnt as the case study tends to examine single point in one time, or even taking snapshot of the outcome and the characteristics associated with it. It is a good design if the population is large, praised to be inexpensive, and take up little to conduct the study. Cross sectional research can be used in exploratory, descriptive and explanatory studies; but it is much convenient in descriptive and qualitative research (Neumann and Robson, 2009). However, this study which intended to describe or assess the factors hindering the use of EFDs during receipts issuance among SMEs in Ilala municipality was better fit for this kind of design for the reason that the study is for a short period of six months as it for academic qualification, and used minimum resources as possible to be completed. Therefore, taking into account the characteristics of cross-sectional study, and the requirements of the study, the cross-section was the best design for this study.

3.2 Area of the Study

This research study was conducted in Dar es Salaam, and specifically in Ilala Municipality. However, from the big populate of SMEs in Ilala, few people were selected to be respondents of this study. This study area was selected because Ilala is

the first municipality having many SMEs who are using or who have EFDs machines. Another reason is that Dar es Salaam is among the leading regions in tax collection in Tanzania, and in specific, Ilala is the leading Municipality to have many businesses (SMEs) and among the top 5 leading in tax collection. But also it is the most convenient area to the researcher, as the Mzumbe University is found in Ilala Municipality (TRA, 2016).

3.3 Population of the Study

A population in research is the group of individuals, set of items (cases) or objects from which, a sample is obtained for research (Kombo and Tromp, 2006). It refers to the entire group of persons or elements with some common features. As far as this study is concerned, the population is all the Small and Medium Enterprises in Ilala Municipality which includes hotels, restaurants, Shops and boutiques, hospitals and pharmacies registered with TRAs as user of EFDs during issuance of receipts. Apart from SMEs, the study included TRA officers in Ilala Municipality.

3.4 Sample Size

The sample size is the group of people selected to participate in a study. The size of the sample depends on the length of the study, resources available, and the types of data collection methods to be used (Kothari, 2004 and Kombo and Tromp, 2006).

The sample size in this study consisted of 100 SMEs in Ilala Municipality and 10 respondents from the TRA offices in Ilala Municipality; this makes the whole sample size to be of 110 respondents.

Table 3.1: Sample Size

Categories of Respondents	Frequency	Percentage
TRA Officers	10	9
SMES-Restaurants	10	9
Pharmacies	20	18
Hospitals	5	5
Lodges and Hotels	20	18
Shops and Boutiques	45	41
Total	110	100

Source: Researcher Construct, 2019

3.5 Sampling Techniques

Sampling technique is the means used to obtain the sample size from the population in a study (Neumann and Robson, 2009). It is the procedure a researcher uses to get people who will participate in the study (Kombo and Tromp, 2006). Being that the meaning, to obtain respondents in this study, the researcher used Convenience sampling and purposive sampling.

3.5.1 Convenience Sampling

This method of obtaining respondents in a study is based on using or choosing people who are much convenient to the researcher, to be included in the study (Neumann and Robson, 2009). In this method, the researcher hazardously chooses the respondents, or due to easy to reach, or even readiness of respondents to cooperate in the study. Due to the nature of the research problem that required respondents to give data on why they do not frequently use the EFDs in receipts issuance, which seems to be not much liked by SMEs, the convenience sampling better fitted and helped the researcher to obtain respondents from respondents who are willing to cooperate in the study. Therefore, convenience sampling was applicable to obtain respondents from SMEs in Ilala Municipality.

3.5.2 Purposive Sampling

Purposive sampling technique was used to get respondents from TRA officers concerned with EFDs because they are believed to be able to provide accurate and

reliable data for the study. On the other hand, for the reason that the supremacy of purposive sampling lies in obtaining relevant cases to the main issue being studied, and its possibility of being used for qualitative studies (Kombo and Tromp, 2006).

3.6 Data types and Collection

3.6.1 Data types

The study used both qualitative and quantitative data. Qualitative data were obtained using interview and questionnaire, while the quantitative data were obtained from documents reviews and questionnaire.

3.6.2 Data Collection

The study used primary and secondary data. Data collection methods that were employed in this study included interview, Questionnaire and documents reviews.

Interviews

Interview is the method of obtaining data that involves presenting oral or verbal questions and expecting the respondents to provide answers in verbal manner. This method can be used through personal interviews and telephone interviews; for the purposes of this study, the researcher used both telephone and personal interviews (Kothari 2004). In this study, the researcher used well formulated interview guide questions to obtain the first hand data.

Questionnaire

According to Kothari (2004) questionnaire is the least expensive especially when the sample size is large and is widely spread geographically; it is free from the biasness of the interviewer for answers are in respondents' own words, respondents have sufficient time to respond to questions and respondents who are not easily approachable, can also be reached conveniently.

In this method, a list of questions is prepared by the researcher for the aim of obtaining relevant data for the problem being studied. Questionnaire as a means of data collection is used by stakeholders of the project and knowledgeable individuals to

pretest the accuracy and relevance of the contents of the questions. This allowed the researcher to create other questions as the results of the response and obtaining comprehensive data about the study. The questionnaire used in this study is in Annex1.

Documents Review

Document review is the instrument of data collection where data are obtained from written materials. The researcher used this method for the aim of obtaining data from a variety of sources such as reports, magazines, files and newspapers (Kombo and Tromp 2006). For the sake of this study, different reports from the TRA and other institutions like Ilala Municipality and even SIDO were used to complement the primary data collected.

3.7 Data Analysis

Data was analyzed both qualitatively and quantitatively. The qualitative analysis involved the use of narration as a result of data obtained from interviews. Quantitative analysis was done through the use of tables, percentages charts and graphs, lines and histograms; all these were prepared using Microsoft Excel. From the presentations and analysis made, the conclusion has been drawn regarding the study.

3.8 Validity and reliability of data

Validity is the quality of the scale to measure what it is supposed or intended to measure (Kothari, 2004). For validity purposes, the researchers initially submitted a sample of the set of questionnaires to 5 respondents. After the questions being answered, the researcher asked the respondents for any suggestions or any necessary corrections in order to incorporate further improvement. The researcher again had to examine the contents of the interview guide questions to find out the connectivity and relevance of the questions in relation to the problem being studied.

According to Kothari (2004), Reliability is defined as the occurrence of the same results despite the number of observations performed. Reliability is therefore dealt with the ability of the instrument to measure consistently of the phenomenon it is designed to measure. The reliability of measurements was ensured through standardizing the conditions under which the measurement was performed. It also

involved careful designing directions for measurements with no variation from group to group.

3.9 Ethical issues in data collection

It was the right of respondents to choose either to cooperate or not in this study. A right to maintain privacy and offering assistance out of willingness cannot be forced by the researcher in any way. The written research permission was obtained from the University as a reference so that respondents may not associate this study with an exploratory study from regulatory authorities to make generalization from the findings.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.0 Introduction

This chapter consists of the presentation of the findings collected from three sources, namely: questionnaires, documents reviews and interviews. The presentation is organized according to research objectives, and the variables are used as heading and sub-heading in this chapter. The specific objectives used to collect data are to determine the ability of the Small and Medium Enterprises' employees to use Electronic Fiscal Devices in Ilala Municipality, to assess the capacity and duration of the Electronic Fiscal Devices to keep charge among SMEs users in Ilala Municipality, to determine whether the SMEs intentionally decide not to use EFDs for the reason of hiding sales records, to assess the extent to which the Tanzania Revenue Authority System of internet connection affect the usability of EFDs among SMEs in Ilala Municipality and to determine the extent to which EFDs defect condition hinder the SMEs' employees to issue sales receipts among customers in Ilala Municipality. Once these objectives are attained, they have automatically addressed the main objective which is to assess the factors hindering the use of Electronic Fiscal Device during receipts issuance among SMEs in Ilala Municipality.

4.1 General Particulars of Respondents

In this study, respondents were asked to indicate the sex, age range, education level and years of using EFD.

4.1 1 Sex

Respondents were asked to indicate their sex. The results show that 72% of respondents were male and 29% were female as appears in Table 4.1.

Table 4.1: Respondent Gender

Sex	Frequency, N=110	Percentage
Male	79	72
Female	31	28
Total	110	100

Source: Field data, 2019

The sex of respondents in this regard was required to know how many male or female are using EFD and how this may influence the non-use of EFD. This implies that many male are using EFD as compared to female.

4.1.2 Age Range

Respondents were required to indicate their age range in the questionnaire and during interview. The results are presented in Table 4.2.

Table 4.2: Respondents' Age Range

Age range	Frequency, N=110	Percentage
18 to 25	12	11
26 to 35	38	35
36 to 45	19	17
46 to 55	25	23
56 to 59	12	11
60 and above	4	4
Total	110	100

Source: field data, 2019

According to Table 4.2 the findings show that 35% of respondents were aged 26 to 35 years old; 23% of respondents were aged 46 to 55 years and 17% of respondents were aged 36 to 45 years old. Others are 56 to 59 and 18 to 25 years old both with 11% of respondents each and over 60 represented 4% of respondents. This implies that many respondents who are using EFD are below the age of 55.

4.1.3 Educational Level

Respondents were asked to indicate their education level in the questionnaire; the findings are presented in Table 4.3 below.

Table 4.3: Respondents' Education Level

Highest level	Percentage	Percentage
Primary School	10	9
Form four	19	17
Form Six	21	19
Certificate level	11	10
Diploma level	16	15
Bachelor Level	12	11
Post Graduate Diploma	4	4
Master's Degree	7	6
Total	110	100

Source: field data, 2019

According to Table 4.3 the findings show that 19% of respondents were form six certificate holders, 17% of respondents were form four level certificate holders and 15% of respondents were Diploma holders. Others are 11% Bachelor degree, 10% Certificate level, 9% primary school level, 6% Master's Degree holders and 4% post graduate Diploma.

4.1.4 The Role of Education Level in EFD Utilization

The respondents were required to indicate whether the education level helps them to understand how to use EFD machines. The results are presented in Table 4.8.

Table 4.4: Respondents' Views on the Role of Education in Understanding EFD Utilization

Respondents views	Frequency, N=110	Percentage
Yes	48	44
No	56	51
I do not know	6	5
Total	110	100

Source: Field Data, 2019

According to Table 4.4 the findings show that 44% of respondents indicated that education level helps them to understand EFD use, while 51% of respondents indicated that education level does not help them understand how to use EFD and 5% of respondents indicated that they do not know.

The findings also show that 44% of respondents agreed that their education level enable them to understand the language and how to use EFDs while 51% indicated that the education level does not help them instead, they need a special training (see Figure 4.4) and this training should be conducted for more than once, so that EFD users adapt to change in technology.

4.1.4 Years of Using EFD

Respondents were asked to indicate the years they have been using EFD machine. The findings are presented in the Table 4.4 below.

Table 4.5: Respondents' years of experience of using EFD machine

Years of experience	Frequency	Percentage
Less than one year (<1)	20	18
1 to 4 years	67	61
5 years and more	23	21
Total	110	100

Source: Field data, 2019

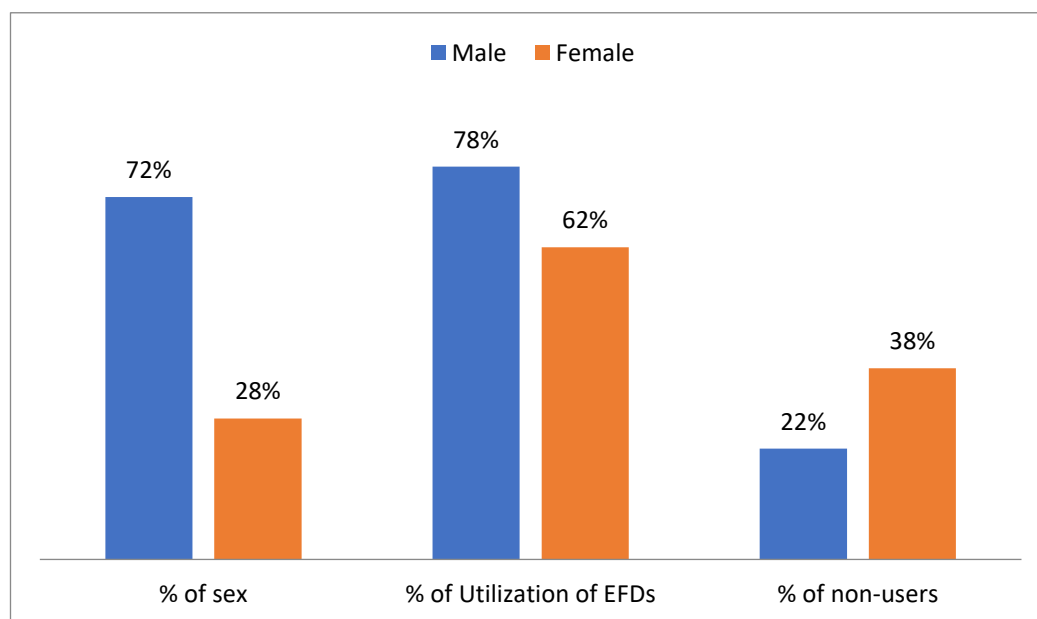
According to Table 4.5 the findings show that 61% of respondents have been using EFD for a period of 1 to 4 years, while 18% have been using EFD for a period of less than one year and 21% of respondents have been using EFD for a period of more than 5 years.

The findings for characteristics of respondents imply that many respondents who are using EFDs have experience with EFD utilization, and they know the reasons for not using EFDs among the SMEs. But also their education levels are very basic for one to know how to read some English words which is very fundamental for utilization of EFDs. The age range show the researcher how old were different categories of respondents in the study, this impact the ability to use EFDs as many study found that many users are aged between 18 to 55 years old which is good for proper eye sight, hence the utilization of EFDs. And the sex show that most of respondents are male, so, EFDs is much used by male as compared to female. These findings are similar to Kira

(2016) who found that most of taxpayers in his study were knowledgeable to use EFDs, and that most of them 73% were using EFDs for more than 3 years.

Utilization of EFDs per sex

Figure 4.1: Percentage of utilization of EFDs per sex groups



Source: Field data, 2019

The findings presented in Figure 4.1 show that 72% of respondents are male and 28% are female. The findings also show that 78% of male use EFDs as compared to 62% of female who use EFDs while 22% of male do not use EFD as compared to 38% of female who do not frequently use EFDs in their daily sales transactions. This implies that more percentage of male use EFDs as compared to the percentage of female, therefore, more male use EFDs than female.

4.2 Ability of SMEs to use Electronic Fiscal Devices

The main question was to know the ability of SMEs employees or owner to use Electronic Fiscal Devices. The results are presented in the figures and tables as follows:

4.2.1 User training on EFDs utilization

Respondents were asked to indicate whether they have undergone special training before start using EFD machines. The results are presented in Table 4.6.

Table 4.6: Respondents' views on EFD training

Respondents views	Frequency, N=110	Percentage
Yes	78	71
No	32	29
Total	110	100

Source: Field Data, 2019

According to the findings presented in Table 4.6 show that 71% of respondents indicated to have undergone training on how to use EFD machines, and 29% indicated that they have not undergone such training. This implies that majority of the SMEs using EFDs have undergone training on using EFD; only few who seem to be employed recently or being in the officer for few months or days have not undergone EFD utilization training.

In the same context, respondents were asked to indicate how many times they underwent EFD training. The results from respondents are presented in the Table 4.7 below.

Table 4.7: Frequency of EFD Machine Utilization Trainings to Users

Number of trainings	Frequency, N=78	Percentage
Once	48	62
Twice	13	17
Thrice	10	13
Four times	7	9
Total	78	100

Source: field Data, 2019

According to Table 4.7 the findings show that 62% of respondents indicated that they underwent the EFD utilization training once; while 17% of respondents indicated that they underwent two times. In the same regard, 13% indicated that they underwent such training three times and only 7% of respondents indicated that they underwent such training four times. This finding implies that at least every person who indicated to have undergone EFD training, did it one time and above; undergoing such training increases SMEs' capacity to use the EFDs.

On the different side, respondents who indicated not to have undergone EFD training were asked to indicate how they come to know utilizing EFD if they did not undergo any training. The results are presented in Table 4.8.

Table 4.8: Respondents' Views on How They Knew How to Use EFD

Respondents' views	Frequency, N=32	Percentage
I was taught by the one who attended training	26	81
I learnt how to use it alone	3	9
I do not know how to use it	1	3
I Read the EFD user guide Manual	2	6
Total	32	100

Source: field data, 2019

According to findings presented in Table 4.8 they showed that 81% of respondents who indicated not to have undergone EFD special training stated that they were taught how to use EFD by the one who attended the training; 9% indicated that they learnt how to use EFD themselves. In the same parameter, 6% indicated that they read EFD manual for them to start using EFD and only 3% of respondents stated that they do not know how to use EFD machine. This means that most of those who did not attend EFD training were taught by those who attended training.

The findings show that 71% of respondents indicated to have undergone special training for how to use EFD in their daily sales transactions including issuing receipts while 29% indicated that they have not undergone some special training (see Table 4.6). Despite many EFD users having undergone such training, 68% indicated that they only underwent such training once (see Table 4.7). With the change in technology and

the change in the world of business, conducting a single training to taxpayers is very insufficient, and does not make taxpayers being able to use the EFDs, provided that some taxpayers have low education level (see Table 4.3) and others have no experience in using EFDs (see Table 4.5). These findings are similar to Casey and Castro (2015), who found low utilization of EFDs in Zimbabwe, Uganda and Kenya, which was attributed among other issues with lack of special training on EFD utilization. These findings are also similar to what Mohamed (2015) found, he stated that there was a training conducted to them before starting using EFDs (70%), but the utilization during receipt issuance was very low, one of the reasons being that, the one who participated in the training was the business owner, then the one who is supposed to use it in the shop did not participate, therefore failing to issue EFDs, and Sariji (2015) who indicated that lack of education and training on how to use EFDs were the factors for non-utilization of EFDs in Nyamagana, Mwanza region.

4.2.2 Language Proficiency

The respondents were required to indicate whether they know the language programmed in EFD. The results are presented in Table 4.9

Table 4.9: Respondents' EFD Language Programmed Proficiency

Respondents views	Frequency, N=110	Percentage
Yes	52	47
No	58	53
Total	110	100

Source: Field data, 2019

According to Table 4.9, the findings show that 53% of respondents indicated not to have proficiency in the language programmed in EFD which is English language and only 47% indicated to have proficiency in the language programmed in the EFD machine. This means that Language can be one of the factors hindering SMEs from utilizing the EFD machines.

In the same arena, and for those who indicated having difficulties in language programmed in the EFD, they were asked to indicate which language difficulty they have ever encountered, and the results are presented in Table 4.10.

Table 4.10: Language difficulty to EFD users

Difficulties in using EFD	Frequency, N=58	Percentage
I do not understand the language at all	20	34
Some business words used are difficult	15	26
Some terms related to tax are difficult	12	21
The items I sell are not Programmed in the EFD Machine	11	19
Total	58	100

Source: Field data, 2019

According to Table 4.10, the findings show that 34% of respondents in this regard face language as the main hindrance to use EFD, 26% indicated difficulties in understanding some business words programmed in the EFD as the hindrance while 21% of respondents indicated some terms related to tax are the problems they face in using EFD and 19% of respondents indicated that the items they sell are not programmed in the EFD machines the findings show that only 47% of respondents were able to correctly understand the English language programmed in EFDs and 53% indicated not to be able to correctly read the English language programmed in the EFD (see Figure 4.2), these findings are confirmed by the fact that more than 40% of respondents are primary level, form four level and certificate levels (see table 4.3). Being unable to understand the language used means the medium is a barrier to effective utilization of EFDs. These findings are not similar to Mokaya and John (2016) who indicated that language proficiency to EFDs users was not a hindering factor nor a factor leading to negative perception towards EFDs as most of respondents demonstrated their ability to read instructions given in the EFD machine. But the findings are related the ones found by Temba (2015) who stated that some difficulties arise in using EFDs, which are poor network 23%, buyer do not request for receipts 20%, maintenance cost 7%, and language barrier 17%.

4.2.3 Suggestions to make EFD more usable

Respondents were asked to suggest what can be done to make EFD more utilized.

The results are presented in Table 4.11.

Table 4.11: Suggestions to make EFD usable by SMEs

Respondents' views	Frequency, N= 110	Percentage
Design the EFD according to ability to use	90	82
Use Kiswahili and English as EFD languages	74	67
Use terms that are easily understood by users	78	71
More trainings are needed to all SMEs	97	88
Total	110	100

Source: Field data, 2019

According to findings presented in Table 4.11 show that 82% of respondents suggested that they design EFD according to ability to use, and 88% of respondents indicated that trainings are needed and 71% of respondents suggested that they use terms that are easily understood and 67% indicated that using Kiswahili and English as UFD programmed languages will make EFD more utilized.

The findings in this respective objective show that many SMEs using EFD have undergone special EFD utilization training and for those who did not undergo such training at least they were taught by those who underwent the required training. However, the frequency of trainings done a year is insufficient as regard to changes that occur in the world of technology. In the same context, language programmed in EFD seem to be a barrier of its utilization to many people especially those with low level of education; and the education level proves to affect the utilization of EFD to some people. Therefore, education level and language proficiency are the factors hindering the use of EFD under this objective.

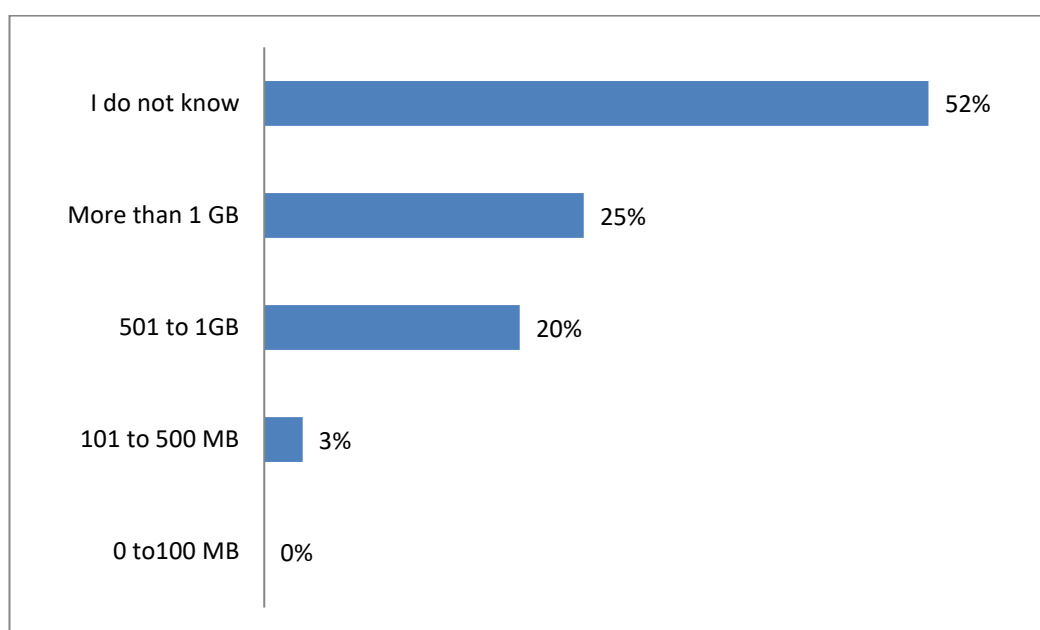
4.3 Capacity and Duration of EFDs to Keep Charge

The question in this objective was to know if the Electronic Fiscal Devices have adequate storage and have a battery capacity that keep charge for a relatively long period of time. The results are presented through the following sub-headings.

4.3.1 Electronic Fiscal Devices' Storage Capacity

The respondents were asked to indicate the storage capacity of their EFD machines. The results are presented in Figure 4.1 below.

Figure 4.1: Respondents' views on their EFD's storage capacity



Source: Field data, 2019

According to findings presented in Figure 4.1 they reveal that 52% of respondents indicated that they do not know the storage capacity of their EFDs, while 25% indicated that their EFDs have the capacity of more than 1 Gigabytes, and 20% of respondents indicated that their EFDs have between 501 Megabytes and 1 gigabytes storage capacity. However, 3% of respondents indicated that their EFD have the capacity of 101 Megabytes to 500 Megabytes and no one indicated that the capacity of their EFDs is 0 to 100 megabytes. This implies that many EFD Users do not know the storage capacity of their machines, and the storage capacity seem not to affect EFD users from using it in issuance of receipts.

In this perspective, respondents were asked to indicate whether the storage capacity is sufficient to enable proper use of EFD even if many transactions are done through such

EFD. The results obtained show that the storage is not a problem that can hinder users from using EFD to issue receipts. The results are presented in the Figure 4.12 below.

Table 4.12: Adequacy of EFDS Storage Capacity

Respondents views	Frequency, N=110	Percentage
Yes	65	59
No	12	11
I do not know	33	30
Total	110	100

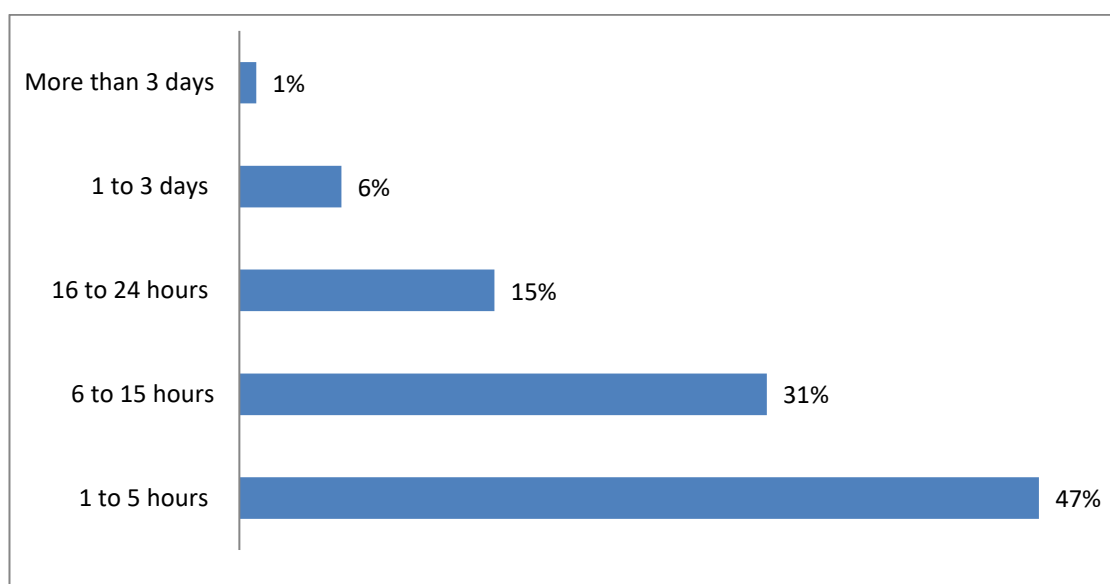
Source: Field data, 2019

According to Table 4.12, the findings show that 59% of respondents indicated that their EFDs storage capacity are sufficient, while 30% indicated that they do not know and 11% of respondents indicated that the storage is not sufficient. The reality shows that the EFDs issued are of good quality and sufficient storage to handle all the business transactions of the day, therefore, storage capacity is not the factor that hinders the issuance of receipts through EFDs. These findings are not similar to Temba (2015) who stated that EFD storage was not the hindering factor for EFD utilization.

4.3.2 Electronic Fiscal Devices battery charge duration

At this point respondents were asked to indicate the duration of the battery in EFD to keep charge. The results are presented in the following Figure 4.2.

Figure 4.2: Duration of EFD Battery to keep Charge



Source: Field data, 2019

According to the findings presented in Figure 4.2, they show that 47% of respondents indicated that their EFDs' battery last with charge between 1 to 5 hours depending on the utilization. Other 31% indicated that their EFD machine last with the charge between 6 to 15 hours and 15% indicated that the machines' battery last for 16 to 24 hours and 6% indicated that the battery last with charge for 1 to 3 days while 1% stated that the battery in EFDs last for over 3days. The findings here mean that some EFD have weak batteries and other have strong batteries. However, the duration of the battery in EFD depends much on how the EFD machine is used to issue receipts due to the sales transactions made.

Respondents were also asked to indicate whether the battery capacity of keeping charges hinder them from using EFDs during issuance of receipts. The responses are presented in Table 4.13.

Table 4.13: Respondents' views on whether the capacity of the battery to keep charge hinder the EFD use

Respondents views	Frequency, N=110	Percentage
Yes	64	58
No	42	38
I do not know	4	4
Total	110	100

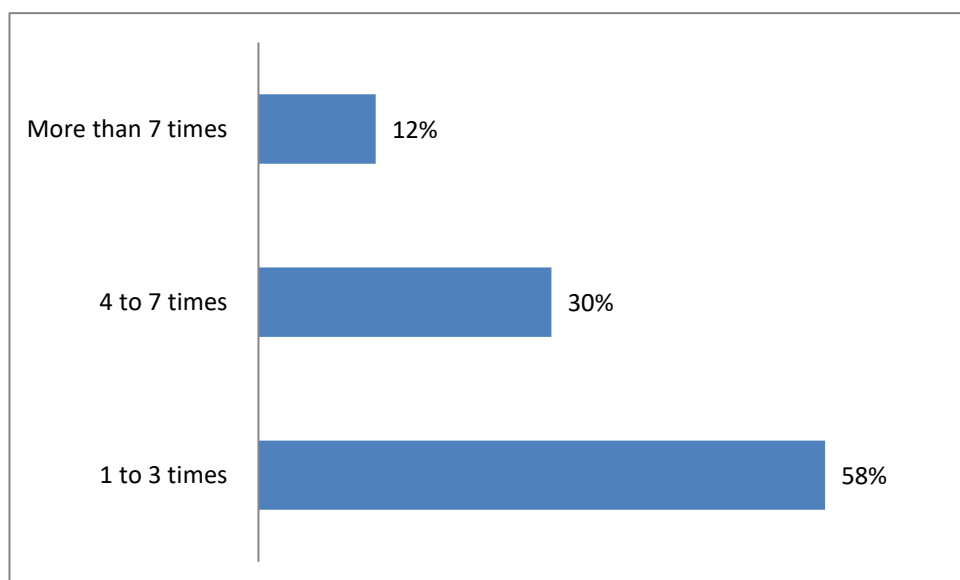
Source: Field data, 2019

According to Table 4.13 the findings show that respondents' views which show that 58% of respondents indicated that the capacity of the battery to keep charge surely hinders the issuance of receipts using EFD. However, 38% of respondents indicated that the capacity of the battery of keeping charge does not affect them from using EFD; this means that they always charge their battery, and have electricity all the time, so their battery do not run out of charge.

On the second objective, the findings show that the EFD storage capacity is not a hindering factor for effective utilization (see Figure 4.1), instead the EFD battery capacity of keeping charge is the hindering factor for EFD utilization (see Table 4.11 and 4.8). In this regard, the findings show that the EFD battery can hinder issuance of receipts for up to 3 to 7 times a day (see Figure 4.3). These findings contradict what was found by Soga (2014) who found that power cut and lack of charge in the EFD battery was not the factor for non-utilization of EFD in Zimbabwe; but the findings are similar to Siraji (2015) who stated that low battery and power outage were the factor for non-utilization of EFDs in Mwanza. Therefore, low battery life, lack of proper means of charging the battery and power cut are the factor for low utilization of EFDs during issuance of receipts.

For those who indicated that the battery charge hinders them from issuing EFD receipts, then they were asked to indicate how many times does the battery charge hinders them from issuing EFD receipts? The Responses are presented in Figure 4.3.

Figure 4.3: Respondents' views on how many times does the battery hinders the issuance of EFD receipt per day



Source: Field Data, 2019

According to the findings presented in Figure 4.3 they show that 58% of respondents indicated that Charge capacity hinders them from issuing EFD receipts from 1 to 3 times a day, while 30% of respondents indicated that the battery charge hinders them from issuing EFD receipts 4 to 7 times a day and only 12% indicated that the battery charge hinders them from issuing EFD receipt for more than 7 times a day.

The findings in this objective show that the battery charge affect SMEs with EFD machine to issue EFD receipts. However, the storage capacity of the EFD machine does not hinder anyone from using EFD in issuing receipts.

4.4 Intention of SMEs Owners to hide Sales Records

The question was asked to whether SMEs intentionally decide not to use EFD machines to issue receipts for the reason of hiding sales records. The findings obtained are presented in Table.

4.4.1 Intention to issue Receipts through EFD

The respondents were asked if there is any time they decided not to issue receipts through EFD out of their own willingness. The results are presented in Table 4.14.

Table 4.14: Did respondents intentionally decide not to issue EFD receipts

Respondents views	Frequency, N=110	Percentage
Yes	56	51
No	50	45
I do not remember	4	4
Total	110	100

Source: Field data, 2019

According to the findings presented in Table 4.14, they show that 51% of respondents indicated to intentionally not issuing receipts to hide sales records. In the same context, 45% of respondents denied to intentionally decide not to issue receipt and 4% indicated that that they do not know. This implies that many SMEs intentionally decide not to issue receipt for the reason of hiding sales records from being seen by the TRA. The sales records are used to estimate the amount of tax to be paid and also whether a taxpayer has to be required by law to register for Value Added Tax. During interview with some owners of businesses in Kariakoo Market, one had to say this:

“You know what? Revealing all the sales made in a day, then you will be supposed to pay huge tax amount, while business do fluctuate, today you might get a profit, tomorrow you end up in a free-fall loss. But the revenue authority will not consider the loss you get once, despite how huge it might be. That is why we hide sales records so that we maintain almost the same amount of sales, which will not increase the tax amount. And the only way of hiding such sales records is by not issuing EFD receipts or issuing receipts with a small amount different from the really sales made”, Respondent from Kariakoo Market, 2019.

In the same context, another respondent from Kariakoo market had this to say:

“The government and the TRA think we make huge profit, but this is not true. We always have a small margin of profit in our businesses, but the TRA uses business turnover to estimate the amount of tax, they forget that most of time we sell at breakeven to empty the stock. Therefore, issuing receipt when you are at breakeven point is very dangerous to businesses because the TRA will calculate taxes from your capital. And this is why most of businesses are closed every year”, Respondent from Kariakoo Market, 2019.

According to interview result with the TRA officers in Ilala tax Region, he said:

“ We are aware that many people including SMEs do not want to use EFD to issue receipt, and some issue receipt with small amount, but the TRA does not have many workers to control every sales made, however, we urge that every person be honest to pay tax as required by law. We frequently organize operations to check those who bought without asking for an EFD receipt, but much more, we always have meetings with businessmen to put emphasis on issuing really receipt of EFD of the sales made, corresponding to the amount of money received in respect of such sales”, TRA officer in Ilala Tax region, 2019.

4.4.2 Reasons for not issuing EFD receipts

Respondents were asked to indicate the reasons why they decide not to issue EFD receipts as according to sales made. The results are presented in Table 4.15.

Table 4.15: Reasons for not issuing EFD receipts

Reasons for not issuing EFD	Frequency, N=110	Percentage
Because it is difficult to use EFD	47	43
I do not want my sales records to be known	98	89
The customers were in a hurry	89	81
I never used EFD to issue receipt	20	18
It takes time to use EFD	37	34
Fear of being required to have VAT number	91	83
I do not want to pay taxes	72	65

Source: Field Data, 2019

According to Table 4.15, the findings show that 89% of respondents indicated that hiding sales records as the reason for not issuing EFD receipts, followed by 83% of respondents who indicated fear of being required by TRA to have VAT number. Other reasons are Customers being in hurry 81%, not willing to pay tax 65%, difficulties in using EFD 43%, using EFD is time consuming 34% and never used EFD before 18%. This implies that taxpayers are not willing to view their transactions to TRA because they do not want to pay taxes.

The findings show that 51% of respondents indicated that they intentionally decided not to issue EFD receipts while 45% indicated they always issue receipts (see Figure 4.9). The reasons of not issuing receipts stated by respondents are: I do not want my sales records to be known by TRA 89%, the customer were in a hurry 81%, fear of being required to register for VAT 83% and I do not want to pay taxes 65% (see Table 4.15). These findings are similar to Casey and Castro (2015) who found that need to evade from paying taxes led Taxpayers in Kenya, Uganda and Zimbabwe to intentionally decide not to use EFDs. The findings are also similar to Mohamed (2015) who found that the traders want to make super profit, so minimizing all probability of reducing such profit is very vital; and one of those possibilities is through using EFD which records all the sales made and report to revenue authority system.

On the other side, respondents were also asked to indicate whether they have already recorded a small amount of sales in issuing EFD receipts. The results are presented in Table 4.16.

Table 4.16: Percentage of Respondents Issuing Small Amount in EFD Receipts

Respondents views	Frequency, N=110	Percentage
Yes	72	65
No	19	17
I do not remember	20	18
Total	110	100

Source: Field data, 2019

According to the findings in Table 4.16 they show that 65% of respondents have already issued an EFD receipt with a small amount different from the really sales made.

The findings also show that 17% indicated that they never issued a receipt with small amount, and 18% indicated that they do not remember to have issued such a receipt.

On the other side, there are those who issue EFD receipts but with an amount smaller than the really price of the products. The findings show that 65% of respondents have already issued EFD receipt with small amount different from the sales made (see Figure 4.10). The reasons indicated for this situation are fear to lower the profit 90%, fear to register with VAT 79%, and fear to pay huge tax amount (see Table 4.17). These findings are similar to Kira (2016) who discovered that not being comfortable with the tax system, fear to pay huge tax amount, and desire to make super profit led EFD users to record a smaller amount in the EFD receipts.

Respondents were also asked to indicate the reasons for issuing receipts with a small amount, and the results are presented in Table 4.17.

Table 4.17: Reasons for not issuing all the amount of sales on the EFD receipt

Reasons	Frequency,	
	N=110	Percentage
Recording the whole amount lowers the profit	99	90
I do not want to be forced by law to register for Value Added Tax	87	79
I am not willing to use EFD	64	58
Recording the whole amount increase the tax amount	85	77

Source: Field data, 2019

According to findings presented in Table 4.17 they show that 90% of respondents record a small amount in the EFD because they know recording the whole amount will lower their profit. Other reasons are fear to be required to register for VAT number 79%, recording the whole amount increases the amount of tax to be paid 77% and not to be willing to use EFD 58%. This is a new type of tax evasion, and is very prominent among shops in Kariakoo. This implies that many SMEs of Shop category do not want to pay taxes. However, these findings are similar to the ones obtained by Kira (2016)

who stated that taxpayers do not want to use EFDs because they want to make huge profit as taxes reduces their profit margins.

The findings in this objective show that many SMEs taxpayers using EFD to issue receipts have deliberately decided not to issue receipts using EFD due to the reasons that are related to tax evasion. Many have intentionally issued receipts with small amount different to really sales due to the reasons that are related to tax evasion reasons like fear of the TRA to increase the tax amount, hiding sales records, not being ready to use EFD machine despite having it, and fear of being required to register with VAT number.

4.5 Effect of TRA Network Connection on EFDs Usability

The question asked in this objective was as to which extent does the TRA system connection affects the usability of EFDs among the SMEs. The findings are presented in the following sub-heading.

4.5.1 Electronic Fiscal Devices Network Connection

In this regard, respondents were asked to indicate whether they have ever faced any network connection problem since they started using EFD for issuing receipt. The results are presented in Table 4.18.

Table 4.18: Respondents' views on Network Connection in EFD

Respondents views	Frequency, N=110	Percentage
Yes	65	59
No	41	37
I do not remember	4	4
Total	110	100

Source: Field data, 2019

According to the findings presented in Table4.18 shows that 59% of respondents indicated to have had network connection before, while 37% of respondents indicated not to have had such problem before and 4% indicated that they do not remember. This implies that those who frequently use EFD normally face network connection problem,

though in case of persisting network connection, the TRA normally gives taxpayers an option to use manual receipt attached to TRA letter of permission.

The respondents were also asked to indicate what they did to get the EFD work properly. The results are presented in Table 4.19.

Table 4.19: Taxpayers' Response to EFD Network Problem

Respondents actions	Frequency, N=110	Percentage
Reported to TRA	50	45
Did not report anywhere	20	18
I waited until the system recovered itself	80	73
I repaired the machine which was the cause of the network failure	30	27
The TRA agent for EFD repaired the Machine	89	81

Source: Field data, 2019

According to the findings presented in Table 4.19 they show that 81% of respondents have reported the problem to the TRA agent for EFD for repair, and 73% or respondents indicated that they waited until the system recovered itself. Other actions are reported to TRA 45%, respondents repaired the machine which was the cause of the network connection 27% and did not report anywhere 18%.

4.5.2 The EFD Network Problems Frequently Occurring

Respondents were asked to indicate the network problems they faced and frequently face when issuing receipts using the EFD. The results are presented in Table 4.20.

Table 4.20: Network problems normally faced in using EFD

Respondents' views	Frequency, N=110	Percentage
Slow speed of the network	89	81
Total network cut-off	97	88
Network disconnection due to EFD defection	50	45
The TRA system shutdown	79	72

Source: Field data, 2019

According to Table 4.20 the findings show that 88% of respondents indicated total network cut-off as the leading cause of network failure in using EFD. Other factors are slow speed of the network 81%, the TRA system shutdown 72% and the network disconnection due to EFD defection 45%. In the same regard, respondents were asked to state whether the network failure hinders them from using EFD to issue receipts. The results are presented in the Table 4.21.

Table 4.21: Respondents' views on network as factor hindering issuance of EFD receipts

Respondents views	Frequency, N=110	Percentage
Yes	69	63
No	35	32
I do not know	6	5
Total	110	100

Source: Field data, 2019

According to Table 4.21 the findings show that 63% of respondents indicated that the network failure normally hinders them from issuing EFD receipts to customers; while 32% of respondents stated that network failure does not affect them to use effect to issue receipts and 5% indicated that they do not know.

The findings in this objective show that 59% of respondents have so far had network problem with their EFDs while 37% indicated that they never faced such a problem (see Figure 4.11). The most common network problem occurring are slow speed of the network, total network cut-off, network disconnection due to EFD defections and the shutdown of the TRA system (see Table 4.12). The network connection problem hinders EFD users from using EFDs to issue receipts (see Figure 4.12); this study is similar to Penduka (2015) who stated that network slowdown, connection cut and dilapidated network infrastructure were the causes of non-use of EFDs in Zimbabwe. The findings are also similar to Temba (2015) who stated that poor network was a prevailing hindering factor on utilization of EFDs. This implies that some EFD users fail to use them due to network related causes as has been found in other developing countries.

According to interviews held with TRA officers, some have this to say:

“There are times our network system gets problem due to ICT infrastructure, or due to the national network cable system or due to the internet provider problem. But we always give notice to EFD users if such problem occurs”, Respondent from TRA office in Ilala, 2019.

Another TRA officer had to say this:

“Network problem is one of the challenges we always face since we started using EFD to control the sales of taxpayers. We always loose many transactions and sales when there is a system failure. But the good thing is, network system failure is never a permanent problem. We always handle it in very short while”, Respondent from TRA office, Ilala Tax Region.

The findings in this objective show that Network connection problem is a hindering factor from issuing EFD receipt to customers among the SMEs. Many respondents indicated to have had network problem, consequently failed to issue receipt using EFD. The common network problems are slow speed of the internet, the TRA system shutdown, total cut-off and defection of the EFD which hinder the machine from getting network connection. The TRA recognizes such a problem, but the TRA always takes quick actions in case there is network system failure. These findings are similar to Kira (2016) who found that 50.7% of respondents stated not being comfortable with the tax system connection and finally resulted in non- use of EFDs even though they are registered.

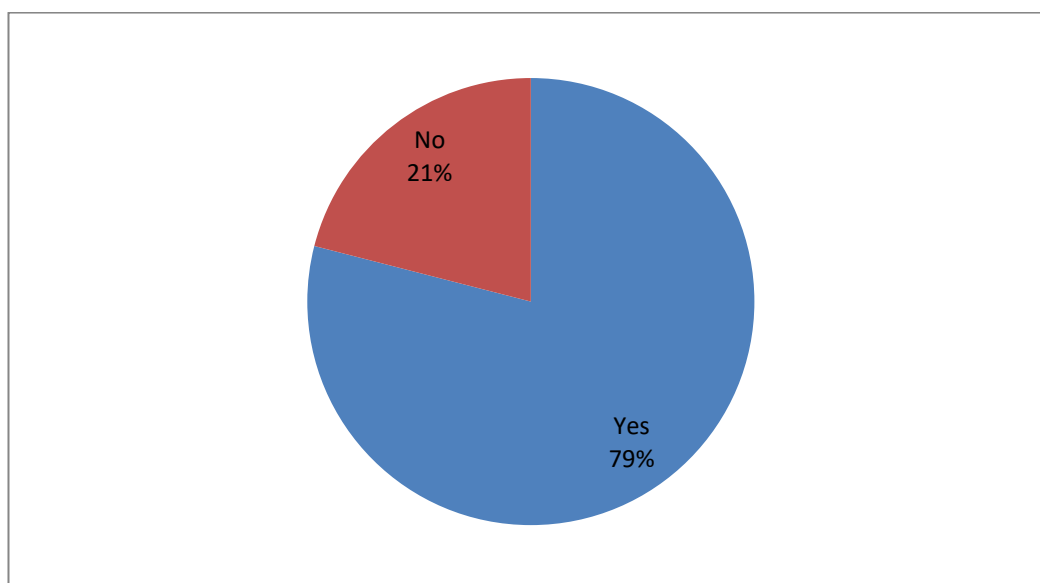
4.6 Condition of EFD as a Factor Hindering Utilization

The question was asked to know the extent to which EFDs defect condition hinders the SMEs employees to issue sales receipts to Customers. The findings obtained in this regard are presented as follows.

4.6.1 The EFD Defection

Respondents were asked to indicate whether their EFD have ever been defected since they started using them. The results are presented in Figure 4.4.

Figure 4.4: Respondents' views on whether their EFDs were defected



Source: Field data, 2019

According to the findings presented in Figure 4.4 they show that 79% of respondents agreed to have experienced defection of their EFDs, while 21% indicated that they have never experienced such defection of their EFDs. This implies that most of taxpayers in Ilala Municipality have faced EFDs malfunction.

In the same regard, respondents were asked to indicate the common defect conditions their EFDs have had, and the results are presented in Table 4.22.

Table 4.22: EFDs defection conditions

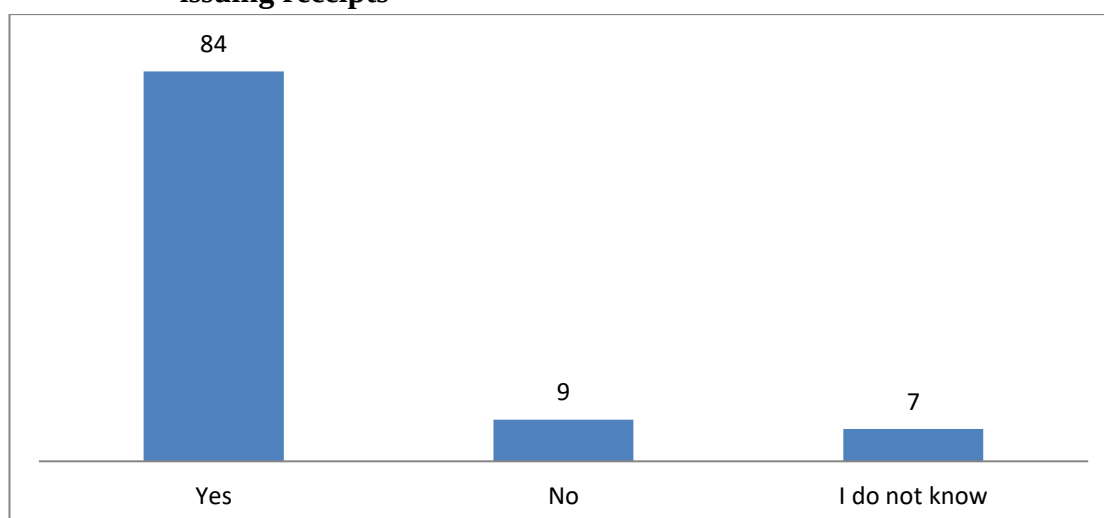
Defection conditions	Frequency, N=110	Percentage
The EFD machine failed to get Network	89	81
The charging system of the EFD was broken	57	52
The screen of the EFD was cracked	31	28
The machine was broken beyond repair	52	47
The Screen became dark	35	32

Source: Field data, 2019

According to Table 4.22 it shows that 81% of respondents indicated that failure to get network was the leading defection in occurrence. Other defect conditions are the screen became dark 32%, the machine was broken beyond repair 47%, the screen of the EFD was cracked 28%, and the charging system of the EFD was Malfunctioning 52%.

Due to these defect conditions, respondents were asked to indicate whether this condition affected their utilization of the EFD; and the results are presented in Figure 4.5.

Figure 4.5: Respondents' views whether EFD defection hindered them from issuing receipts



Source: Field data, 2019

According to Figure 4.5 the findings show that 84% of respondents indicated that EFD defection conditions hindered them from issuing receipts through EFD instead they issued manual receipts. However, 9% indicated that EFD defect condition did not hinder them from issuing receipt, and 7% indicated that they do not know. This implies that defect condition of the EFD is another hindering factor to the issuance of EFD receipt.

In the same context, the findings show that 79% of respondents have so far had experienced the EFD defection since they started using them (see Figure 4.4). The very common defection conditions are failure of the EFD to get network, the charging

system was malfunctioning, the screen cracked and become dark, and the EFD being broken beyond repair (see Table 4.22).

The study confirms what has been found by Siraji (2015) when he stated that EFD defection, and lack of proper support to repair the defected machine was other reasons for non-use of the EFD I Mwanza. According to TRA officers, taxpayer using EFD has to repair it at his own cost; this fact makes people not to be willing to use EFDs, as the findings show that 84% of respondents indicated that EFD defection condition hinders them from using the UFD to issue receipts (see Figure 4.5).

4.6.2 Actions taken by the EFD users

Respondents who experienced their EFD being defected were asked on the actions they took when they noticed such condition. The results are presented in Table 4.23

Table 4.23: Actions Taken by EFD users in times of EFD Defection

Action taken by EFD users	Frequency, N=90	Percentage
Reported to TRA	15	17
Taken it to TRA agent	70	78
Taken it to electronic reparatory	30	33
Did nothing	29	32
Bought another one	57	63
Repaired it alone	17	19

Source: Field data, 2019

According to Table 4.23 the findings show that 78% of respondents indicated to have taken their EFD to TRA agent for repair and replacement. Other actions taken by EFD users are repaired it alone 19%, bought another one 63%, did nothing 32%, taken it to electronic reparatory 33%, and reported to TRA 17%.

The findings in this objective show that many EFD users have experienced defection of their EFD machine and the common defections are failure to get network, dark screen and cracked screen, and broken charging system. The defection conditions according to the respondents have hindered them from issuing EFD receipts to customers

during sales. The EFD users reported to TRA, TRA agent and took actions that are necessary to get them repaired.

According to the findings, the very factors that hinder the use of EFD to issue receipts among SEMEs are inability to use EFD due to low education, language barrier, and lack of repetitive proper EFD use training. In the same regard, the storage capacity of EFD was not the factor hindering the use of EFD, instead the capacity of the battery and lack of proper energy to get the EFD recharged every time, was another factor hindering the use of EFDs to issue receipts to customers.

The other causes are the intention of making huge profit and not registering with the VAT. Moreover, the network cut, slow speed, the TRA system problem and the disconnection of network due to EFD defection are the causes for non- use of EFD among SMEs in Ilala municipality. On top of that, the defect condition of EFD which most common are failure to get network, screen become dark and cracked are the factors hindering EFD use to issue receipts.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter consists of the summary of findings, conclusion and recommendations of the study. The summary of findings contains the key findings of the study as per each objective. And the conclusions are the definite end phrases that the researcher draws from the data presented and the analysis made. From the findings obtained in this study, the researcher suggested five recommendations.

5.1 Summary of Findings

This study which aimed at assessing the factors hindering the use of Electronic Fiscal Device during receipts issuance among SMEs in Ilala Municipality had four specific objectives whose findings are presented in chapter five which are to determine the ability of the Small and Medium Enterprises' employees to use Electronic Fiscal Devices in Ilala Municipality, to assess the capacity and duration of the Electronic Fiscal Devices to keep charge among SMEs users in Ilala Municipality, to determine whether the SMEs intentionally decide not to use EFDs for the reason of hiding sales records, to assess the extent to which the Tanzania Revenue Authority System of internet connection affect the usability of EFDs among SMEs in Ilala Municipality and to determine the extent to which EFDs defect condition hinder the SMEs' employees to issue sales receipts among customers in Ilala Municipality.

The findings in the first objective show that many SMEs using EFD have undergone special EFD utilization training and for those who did not undergo such training at least they were taught by those who underwent the required training. However, the frequency of trainings done a year is insufficient as regard to changes that occur in the world of technology. In the same context, language programmed in EFD seem to be a barrier of its utilization to many people especially those with low level of education; and the education level proves to affect the utilization of EFD to some people.

Therefore, education level and language proficiency are the factors hindering the use of EFD under this objective.

The findings in the second objective show that the battery charge affect SMEs with EFD machine to issue EFD receipts. However, the storage capacity of the EFD machine does not hinder anyone from using EFD in issuing receipts.

The findings in the third objective show that many SMEs taxpayers using EFD to issue receipts have deliberately decided not to issue receipts using EFD due to the reasons that are related to tax evasion. Many have intentionally issued receipts with small amount different to really sales due to the reasons that are related to tax evasion reasons like fear of the TRA to increase the tax amount, hiding sales records, not being ready to use EFD machine despite having it, and fear of being required to register with VAT number.

The findings in the fourth objective show that Network connection problem is a hindering factor from issuing EFD receipt to customers among the SMEs. Many respondents indicated to have had network problem, consequently failed to issue receipt using EFD. The common network problems are slow speed of the internet, the TRA system shutdown, total cut-off and defection of the EFD which hinder the machine from getting network connection. The TRA recognizes such a problem, but the TRA always takes quick actions in case there is network system failure.

The findings in the last objective show that many EFD users have experienced defection of their EFD machine and the common defections are failure to get network, dark screen and cracked screen, and broken charging system. The defection conditions according the respondents have hindered them from issuing EFD receipts to customers during sales. The EFD users reported to TRA, TRA agent and took actions that are necessary to get them repaired.

5.2 Conclusions

The findings obtained in this study have proved that the factors that hinder the use of EFD to issue receipts among SEMEs are inability to use EFD due to low education level of taxpayers, language barrier, and lack of repetitive trainings on the utilization

of EFD. In the same regard, the storage capacity of EFD was not found to be the factor hindering the use of EFD, instead the capacity of the battery and lack of proper energy to get the EFD recharged every time, was another factor hindering the use of EFDs to issue receipts to customers. Other causes are the intention of making huge profit and not registering with the VAT. Moreover, the network cut, slow speed of network, the TRA system problem and the disconnection of network due to EFD defection are the causes for non- use of EFD among SMEs in Ilala municipality. Conclusively, the defect condition of EFD which most common are failure to get network, screen become dark and cracked are the factors hindering EFD use to issue receipts.

5.3 Policy Implications

The implication in this study are based on the research findings presented in chapter four and analyzed in chapter five above.

1. The findings show that the inability to use EFD to issue receipts to customers is due to low education level among taxpayers, language programmed in EFD is a barrier to many taxpayers and lack of repetitive proper EFD use training. Therefore, it is hereby recommended that the TRA orders the EFD with options of languages to be used by the taxpayer, and Kiswahili should be one of those languages to make the EFD usable by all categories of taxpayers with different education levels. In the same regard, trainings to taxpayers concerning how to use EFD to issue receipts should be done for more than once to equip taxpayers with proper knowledge of the EFD machine and the change that occurs frequently in the EFD technology.
2. The findings also show that the Battery capacity and power-cut hinder taxpayers from using EFDs to issue receipts to customers after sales have been done. Therefore, it is recommended that the Manufacturer of the EFDs devise arrangement so that the EFDs be charged using internal battery, Electricity and solar power, so that, for those users who live in areas without electricity or frequent power-cut be able to get power in EFDs through other alternative energy sources.

3. The findings in the third objective show that the intention of taxpayers of making huge profit and the fear of registering with the VAT cause taxpayers to intentionally decide not to issue EFD receipts. Being this the situation, it is hereby recommended that tax education be provided several times to taxpayers so that they see the pertinence of paying tax and reduce the probability of evading.
4. In the same context, the findings show that the network cut, slow speed of the network in EFDs, the TRA system failure and the disconnection of network Due to EFD defection are the hindering factors on utilization of EFD in issuing receipt after sales have been made. It is recommended that the TRA upgrades it network and improve its network infrastructure time to time, especially during night where few taxpayers use the machine, so that during day, the network will be strong to enhance the utilization of the EFDs among SMEs and other taxpayers.
5. Finally, the findings found that defect condition of EFD where the most common are failure to get network, screen become dark and cracked are the factors hindering EFD utilization to issue receipts to customers during sales. Due to this situation it is recommended that the EFDs reparatory stations be found in every tax region in Tanzania to enable taxpayers to get their EFD repaired on time. And in case the EFD is broken beyond repair, taxpayers should pay a small amount to get a new one. As far as the cost is concerned, the amount of repair should be as small as possible to encourage all the taxpayers to get their EFDs repaired in case they get defected.

5.4 Areas for further studies

This study focused on assessing the factors hindering effective utilization of EFDs among SMEs in Ilala Municipality. It is therefore suggested that other studies be conducted on the impact of gender on the utilization of EFDs, the role of tax education in promoting EFDs utilization, the effects on-duty training on utilization of EFDs among SMEs in Ilala.

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